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DIA, OSD and DOS review(s) completed.

80 AUG 1940

CONFIDENTIAL

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GENERAL

- 1. Greece considered most likely source of major conflict--The War Department, Intelligence Division, advises Bonesteel that it views Greece as the "most delicate danger point for Anglo-American-Soviet relations today" because of the likelihood of incidents which might provoke a general war regardless of any decision by the great powers. The Division believes that Greek internal conditions are propitious for the emergence of civil war, which inevitably would be followed by intervention from the north and by British military operations against such infiltrating armed bands. The Division concurs in taking a firm stand against Soviet pressure on Greece but recommends close attention to "the danger of unintentional major involvement."
- 2. Soviet protest against Greece "hastily drawn up"--According to Ambassador MacVeagh, the Soviet note protesting newspaper attacks against Stalin was "hastily drawn up" from "flimsy material" in order to coincide with and support a similar protest by Yugoslavia (see Daily Summary of 28 August, item 6).
- 3. US awaits written statement from Tito--Byrnes has instructed Ambas-sador Patterson to withhold presentation of his credentials to the Yugo-slav Government pending receipt of written assurances from Tito confirming his previous oral apologies for the loss of US fliers.
- 4. British help Sweden investigate "phantom rockets" -- The British Director of Naval Intelligence has told US Naval Attache London that a British scientific mission in Sweden is helping Sweden, with radar and "other devices," in the "phantom rocket" investigation.
- 5. British expectations on Palestine Conference—The British Foreign Office has told US Charge Gallman that it now believes all seven of the Arab states will participate in the London Conference on Palestine and desires that representatives of the Palestinian Arabs other than the Grand Mufti also attend. The Jewish representatives will include delegates from the Jewish Agency and other organizations, but no Jews will be admitted "who are detained or would be detained if available." The British will have one delegation which will deal separately with Arabs and Jews.

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TOP GONFADENTIAL!

EUROPE-AFRICA

- 6. USSR: US Embassy opposes tractor shipments to USSR--US Charge Durbrow in Moscow, discussing the shortage of agricultural machinery in the USSR, remarks that it seems poor policy to supply the USSR with UNRRA tractors while Soviet factories are producing war equipment.
- 7. UNITED KINGDOM: Opposition to Zarubin as Soviet Ambassador—US Charge London reports that British Under Secretary of State Warner has recommended against receiving Zarubin as the new Soviet Ambassador to the UK. Warner pointed out that Zarubin was Soviet Ambassador to Canada while Soviet espionage was being directed "from the Embassy" and asserted that Canada's exoneration of Zarubin "bears no weight."
- 8. SWEDEN: Arms to be shipped to Argentina—The Swedish Foreign Office has informed US Legation Stockholm that "token" arms shipments to Argentina will begin in late September or early October. The Foreign Office expects that the US and Argentina will clear up their differences at about the same time and does not feel that arms shipments should be withheld either because of the US hemisphere arms standardization program or Argentina's failure to expel Nazis.
- 9. CZECHOSLOVAKIA: Attitude toward Polish Jewish refugees -- According to Ambassador Steinhardt, the Czechoslovak Government is doing everything possible to care for the large number of Jews fleeing from Poland. Steinhardt believes that Czechoslovakia, though at present unwilling to accept many of these Jews on a permanent basis, could be induced to accept a "reasonable" permanent quota provided other countries agreed to do likewise.

FAR EAST

10. INDIA: Gandhi blamed for Congress attitude—US Charge Gallman in London has been told by the India Office that conferences between the Viceroy, Gandhi and Nehru are not progressing smoothly. The India Office believes that Gandhi is basically addicted to revolutionary rather than legalistic means of arriving at Indian independence.

TOP SECRETUENTIAL

- 11. N.E.I.: <u>Dutch reaction to Killearn's movements</u>—US Charge Benton at The Hague reports that the Dutch Foreign Office reaction to the report that Lord Killearn had gone to see Sjahrir was one of "stupefaction." The Foreign Office feels that Killearn's action will delay speedy solution of the Indonesian problem.
- 12. SIAM: <u>US Minister comments on French action</u>—US Minister Stanton reports that the Siamese Government is much upset by recent French charges of Siamese complicity in the Siemreap incident. Stanton states that both he and the British Minister "deplore French action and feel that neither French nor anyone else can substantiate charges and allegations, some of which are palpably absurd." He believes if negotiations break down the French military in Saigon will use force.

Progress of negotiations with French--Prince Wan of the Stamese delegation has informed Acheson that he fears successful negotiations with the French are impossible and that under the circumstances he feels he should refer the dispute to the Security Council. Acheson emphatically urged further efforts at negotiation with moderation of demands on both sides and stated US willingness to press for such moderation.